

PAUL TONKO
21ST DISTRICT, NEW YORK

COMMITTEE ON
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COMMITTEE ON
SCIENCE AND TECHNOLOGY



Congress of the United States
House of Representatives
Washington, DC 20515-3221

May 21, 2010

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The Honorable David A. Paterson
State Capitol
Albany, NY 12224

Dear Governor Paterson:

I know you are keenly aware of the unreasonably high health insurance rate increases Anthem Blue Cross, a WellPoint affiliate, proposed in California earlier this year. I am sure you are also aware of their subsequent withdrawal of the proposed rate increases when state auditors found the rate hikes were based on unreasonable assumptions.

As you know, double-digit premium increases were proposed by WellPoint affiliate Empire BlueCross BlueShield in our state. At the same time they are raising rates, the company is collecting hundreds of millions of dollars in profits. I write to you to join Secretary of Health and Human Services Kathleen Sebelius in asking that you carefully review any proposed health insurance rate increases by WellPoint affiliates and other health insurance companies in our state, and work with Insurance Superintendent Wrynn to use whatever oversight and strong regulatory tools you have to fight unreasonable increases.

I applaud your efforts to reinstate the Insurance Department's prior approval authority, so the State can review insurance companies' premium increases before they take effect. While this critical reform is pending in the Legislature, I encourage you to review the authority you have to investigate health insurance rates before they take effect. The Affordable Care Act appropriates \$250 million to states to assist in meaningful rate review—and we want to ensure New York gets a reasonable share of those funds.

I supported health insurance reform in part because the rate of increase of health insurance premiums for my constituents was unreasonable and unsustainable. Reform will mean great savings overall, with lower out-of-pocket costs, more affordable options—and as cost savings materialize—less justification for insurance companies to increase premiums at the rates we have seen in recent years of 50, 60 or 70% or even higher.

States play key roles in reform, including closely examining rate increases to determine if any mistaken assumptions similar to those made by Anthem Blue Cross in California were made here in New York. New York families and small businesspeople simply cannot afford even small mistakes that escalate their premiums beyond those necessitated by any market pressures. In 2014, health insurance exchanges will be up and running as part of reform, enabling New Yorkers to do one-stop shopping comparisons on price and quality of plans. This head-to-head

competition will help hold down premium increases. But until New Yorkers have this tool, your oversight and consumer protection are imperative.

I will continue to work with you and the Secretary of HHS to ensure that there is continued vigorous oversight of health insurance companies as the Affordable Health Act is implemented.

I look forward to your response on this issue, and any issue pertaining to how we can ensure all the benefits of health insurance reform are enjoyed as quickly as possible by New Yorkers.

Sincerely,

A handwritten signature in blue ink that reads "Paul D. Tonko". The signature is fluid and cursive, with the first name "Paul" and last name "Tonko" clearly legible.

Paul D. Tonko
Member of Congress

CC: Superintendent James J. Wrynn, New York State Insurance Department